

**MENDOTA ELEMENTARY SCHOOL DISTRICT #289  
BOARD OF EDUCATION**

**OFFER TO**

**THE MENDOTA EDUCATION ASSOCIATION**

**DECEMBER 18, 2013**

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- District #289 values the work done by the members of the teaching staff. It is essential that this Board provide a clear, fair contract for teachers, but that it also be balanced with the district's financial condition. We continue to strive to work together to provide an excellent education for our students while prudently managing taxpayer dollars.
- The contract language proposed by the Board of Education seeks to provide a fair contract to teachers while decreasing overall expenses without loss of staff or programs.

# Introduction

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## DISTRICT EXPENSES HAVE EXCEEDED REVENUES

For the last school year, 2012-2013 (FY 2013), District expenses exceeded its revenues by \$259,982. The estimated shortfall for the current school year is \$375,057. In other words, the District is **spending more money** than it is receiving. Although the District still has a current fund balance sufficient to cover the annual deficit, the District's fund balance has declined by almost 1,000,000 over the last 3 years.

The Board believes that it has an obligation to the taxpayers of the community to live within its means and to do its best **not** to spend more money than it receives.

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# HEALTH INSURANCE COSTS ARE RISING

The cost of health insurance is a significant financial factor driving the deficit spending. The cost for all District employees has been increasing and for the 2012-2013 year totaled:

**\$1,261,030.00**

To address this issue, the Board of Education offered the teachers' union a number of alternative health insurance plans that would lower premium costs. The teachers union rejected all the offered plans on the basis that either the deductibles would be too high or the benefits reduced. The teachers have insisted on maintaining the current costly Blue Cross Blue Shield PPO health insurance plan, with their current option to take family coverage at very little cost to the employee.

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- The Board is committed to **avoid** using fund balances for **recurring expenses**, such as salaries and insurance; fund balances should be used for **one-time, non-recurring expenses**.
- Maintaining a healthy fund balance guards against financial uncertainties and enhances the financial stability of the district.
- A healthy fund balance and competitive salaries are not mutually exclusive.

# DEFICIT INFORMATION

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## **THE BOARD MUST ADDRESS the FOLLOWING FINANCIAL ISSUES:**

- Over the last 3 years, the District has spent approximately \$300,000 more dollars than it brought in (each year) causing a loss of fund balance of almost \$1 million dollars. We cannot continue to spend more than we bring in...
- Failing economic status of the State of Illinois
- Reductions in General State Aid
- Declining state reimbursement for transportation costs
- Declining state reimbursement for categorical costs such as special education
- Reductions in federal funding
- Legislative changes that impact local school funding
- No new revenue Sources
- Shutdown or Loss of Largest Businesses/Companies in our community

**The board does not believe in  
borrowing money to pay for  
benefits it cannot afford...**

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# **The Board of Education believes that it has offered a fair settlement.**

However, the Board is fully aware that the Teachers Union disagrees. The primary issue in dispute is the amount that teachers are being asked to contribute toward the cost of health insurance.

Currently, teachers contribute \$850 per year (\$70.00 per month) toward the cost of **family** insurance and the Board of Education contributes \$16,212 per year on their behalf. **There are 54 teachers who opt to take family coverage.**

Teachers contribute \$220 per year (\$18.33 per month) toward the cost of **single** coverage and the Board of Education contributes \$5,840 per year on their behalf. **There are 18 teachers who opt to take single coverage.**

**The total cost of health insurance for teachers - paid by the district last year – was:**

**\$912,313**

**\*Total cost of health insurance for all employees = \$1,297,906**

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# CURRENT TEACHER CONTRIBUTIONS

Under the current collective bargaining agreement, the teachers contribute toward the cost of their health insurance as follows:

- ✓ Those taking single coverage, \$220 per year or **\$18.33** per month.
  - ✓ Those taking employee and children, \$600 per year or **\$50** per month.
  - ✓ Those taking employee and spouse, \$660 per year or **\$55** per month.
  - ✓ Those taking family, \$850 per year or **\$70.83** per month.
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Due to the District's deficit and the increasing cost of health insurance, the Board has proposed that teachers pay **10%** of the premium cost for single health insurance for each year of a new three year contract and that they contribute **15%** for the first year, **20%** for the second year, and **25%** for the third year of the premium cost for family insurance.

Along with the proposal that teachers to pay more toward the cost of their health insurance, the Board has also proposed **salary increases** for teachers that total **4.7%** for the first year, **3.6%** for the second year, and **2.5%** for the third year of the proposed new contract. (2%, 2%, 1% to the base)

**We believe this is a fair and reasonable offer given the economic climate, the uncertainty of school funding, and the lack of willingness by teachers to consider other healthcare options.**

# **BASIC PROPOSAL ITEMS**

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# SALARY

- The Board proposal is to increase the base salary by 2% the first year, 2% the second year, and 1% the third year with the vertical and horizontal increments of the salary schedules to be 4.5% of the base salary AND that teachers contribute toward the premium cost of health insurance by paying 10% of the premium cost for single coverage each year and 15% the first year, 20% the second year and 25% the third year of the premium cost for family/dependent coverage.

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- The Union proposal is to increase the base salary by 2% the first year, 2% the second year, and 1% the third year with the vertical and horizontal increments of the salary schedules to be 4.5% of the base salary AND that teachers contribute toward the premium cost of health insurance by paying \$58 per month toward the premium cost for single coverage each year and \$108 per month toward the premium cost for family/dependent coverage each year.

## Economic Item #1

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- A salary schedule in a teacher's contract allows for pay increases in three ways: (HOW IT WORKS)
- **Base Increase:** A percentage increase that applies to each teacher
- **Step Increase:** Typically awarded after each year of continuous employment.
- **Lane Movement:** Represents a salary increase awarded upon the completion of a predetermined amount of graduate level coursework.

# See Proposed Salary Charts on next slide...

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	BS + 0	BS + 8	BS + 16	BS + 24	MS	MS + 8	MS + 16	MS + 24	MS + 32	MS + 40
1	29,906	31,252	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018
2	31,252	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364
3	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710
4	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710	46,056
5	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710	46,056	47,402
6	36,635	37,981	39,327	40,673	42,018	43,364	44,710	46,056	47,402	48,747
7	37,981	39,327	40,673	42,018	43,364	44,710	46,056	47,402	48,747	50,093
8	39,327	40,673	42,018	43,364	44,710	46,056	47,402	48,747	50,093	51,439
9	40,673	42,018	43,364	44,710	46,056	47,402	48,747	50,093	51,439	52,785

**Step Movement = Teachers  
receive \$1,346 new dollars for each  
year they are employed in the district.**

	BS + 0	BS + 8	BS + 16	BS + 24	MS	MS + 8	MS + 16	MS + 24	MS + 32	MS + 40
1	29,906	31,252	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018
2	31,252	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364
3	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710
4	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710	46,056
5	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710	46,056	47,402
6	36,635	37,981	39,327	40,673	42,018	43,364	44,710	46,056	47,402	48,747
7	37,981	39,327	40,673	42,018	43,364	44,710	46,056	47,402	48,747	50,093
8	39,327	40,673	42,018	43,364	44,710	46,056	47,402	48,747	50,093	51,439
9	40,673	42,018	43,364	44,710	46,056	47,402	48,747	50,093	51,439	52,785

**Lane Movement = Teachers  
receive **\$1,346** new dollars with each  
lane movement (taking courses)**

	BS + 0	BS + 8	BS + 16	BS + 24	MS	MS + 8	MS + 16	MS + 24	MS + 32	MS + 40
1	29,906	31,252	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018
2	31,252	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364
3	32,598	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710
4	33,944	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710	46,056
5	35,290	36,635	37,981	39,327	40,673	42,018	43,364	44,710	46,056	47,402
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8	39,327	40,673	42,018	43,364	44,710	46,056	47,402	48,747	50,093	51,439
9	40,673	42,018	43,364	44,710	46,056	47,402	48,747	50,093	51,439	52,785

**Step + Lane Movement = Teachers receive **\$2,692** with step and lane movement in addition to any increase to the base.**

**(Automatic raises are built in), but they cost the district new \$\$**

Salary	2013-14	2014-15	2015-16
Budget (What District Pays)	\$4,148,466	\$4,297,325	\$4,402,688
Increase per Year	\$188,971	\$148,859	\$105,363
% Change from Last Year (true costs not just increased % to the base)	4.7%	3.59%	2.45%

**Actual Costs to District for a  
raise of 2%, 2%, and 1%**

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- **Single Insurance Coverage:** Employee contributes 10% of premium cost, (90% paid by the Board) for all three years of this contract.
- **Family Insurance Coverage:** Employee contributes 15% of the premium cost the first year, 20% of premium the second year, and 25% of premium cost the third year.

## **ECONOMIC ITEM #2**

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The Board's health insurance proposal is that teachers contribute a percentage of the premium cost. The premium costs for the first year of the contract are **known**. The premium costs for the second and third years are estimated at a 6% increase each year based upon the District's past five years of experience.

	2012-2013	2013-2014	2014-2015	2015-2016
<b>Board Pays</b>	\$844,856	\$820,994	\$ 825,184	\$ 826,922
<b>Employee Pays</b>	47,030	138,464	191,842	251,126
<b>Total Premium</b>	\$891,886	\$959,458	\$1,017,026	\$1,078,048

## **Comparison of Board vs. Employee paid insurance costs**

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	2012-2013	2013-2014	2014-2015	2015-2016
<b>Board Pays</b>	\$844,856	\$820,994	\$825,184	\$826,922
<b>Employees Pay</b>	\$47,030	\$138,464	\$191,842	\$251,126
<b>Total Premium</b>	\$891,886	\$959,458	\$1,017,026	\$1,078,048

## Board's Proposal for Health Insurance Cost **Sharing**

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	2013-2014	2014-2015	2015-2016	Total
<b>Board Proposal</b> (cost to district)	\$4,969,460	\$5,122,509	\$5,229,610	\$15,321,579
<b>Union Proposal</b> (cost to district)	5,025,124	5,231,551	5,397,936	15,654,611
<b>Difference</b>	\$ 55,664	\$ 109,042	\$ 168,326	<b>\$ 333,032</b>

# COMPARISON

## BOARD TO UNION SALARY & HEALTH INSURANCE PROPOSALS

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The Board believes that all non-economic items can be resolved. The following items remain open for final resolution.

## **Attendance at faculty meetings:**

- **The Board proposed:** “Teachers are expected to attend scheduled faculty meetings. Building faculty meetings will be scheduled not less than two weeks in advance. Teachers are expected to attend the meetings until they conclude.”

**\*STUDENT DISMISSAL is at 3:00 - meetings cannot begin until 3:05**

- **The Union proposed:** “Mandatory faculty meetings will be **limited to one per month**. A list of these monthly meetings will be provided to each teacher on the first day of each semester. **These meetings will conclude by 3:25 pm**. If for an unavoidable reason the meeting continues beyond 3:25 , teachers may leave without retaliation. If an emergency occurs, an additional faculty meeting may be held with voluntary attendance. **Any teacher who elects not to attend or is unable to attend, may notify the building administrator of their non-attendance.**

# **Non-economic Issue #1**

## **Professional Responsibilities**

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## Teacher Dress

- **The Board proposed:** “Teachers are to dress in an appropriate and professional manner for the duties to which they are assigned.”
- The union opposes any language regarding teacher dress.

## Non-economic Issue #2 Professionalism

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- Reduction in Force (RIF)
- Item is still open – both parties have submitted language that is similar and complies with the School Code.

## **Non-economic Issue #3**

### **Evaluation/Dismissal**

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- In summary, District #289's Board of Education has the highest regard for our teaching and non-teaching staff. The proposal outlined here seeks to retain and attract outstanding teachers while being mindful of our financial means and our fiscal responsibility to the community. This proposal fairly honors our teachers' commitment to students while balancing the community/taxpayers needs to remain fiscally responsible.

## **IN SUMMARY**

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